

Message Text

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ACTION PM-03

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P R 011259Z JUL 75

FM AMEMBASSY BRUSSELS

TO SECSTATE WASHDC PRIORITY 4330

SECDEF WASHDC

OSAF

INFO AMEMBASSY COPENHAGEN

AMEMBASSY THE HAGUE

AMEMBASSY BONN

AMEMBASSY LONDON

AMEMBASSY PARIS

AMEMBASSY OSLO

USMISSION NATO

USCINCEUR

C O N F I D E N T I A L BRUSSELS 05920

E.O. 11652: GDS

TAGS: MASS, BE

SUBJECT: F-16 COPRODUCTION

1. SUMMARY. IN TALKS BETWEEN AMERICAN AND BELGIAN ELECTRONICS FIRMS ABOUT RADAR COPRODUCTION TWO PROBLEMS HAVE ARISEN. ONE IS DESIRE OF BELGIAN GOVERNMENT TO HAVE U.S. CONTRACTOR DEAL ONLY THROUGH ELECTRONICS INDUSTRY GROUP, SYBELEC, ON AVIONICS COPRODUCTION IN BELGIUM. SECOND IS QUESTION OF RELEASABILITY OF TECHNOLOGY IN SUFFICIENT AMOUNT AND EARLY ENOUGH IN PROGRAM TO BE REGARDED BY THE BELGIAN GOVERNMENT AND INDUSTRY AS LIVING UP TO OUR PRE-SALE STATEMENTS. BOTH OF THESE PROBLEMS ENTAIL BROAD POLICY ISSUES. WE REQUEST WASHINGTON VIEWS ON DEALING WITH THEM. END SUMMARY.

2. WESTINGHOUSE REPRESENTATIVES HAD DISCUSSIONS WITH BELGIAN ELECTRONICS INDUSTRY ORGANIZATION SYBELEC DURING PAST WEEK. THEY PROVIDED DATA, WITHIN LIMITS ESTABLISHED BY
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DOD DATA DISCLOSURE LETTER (DDL), ON RADAR COMPONENTS TO BE

OFFERED TO BELGIAN COPRODUCERS. SYBELEC SHOWED THEM LETTER FROM DEFENSE MINISTER VANDEN BOEYNANTS TO LOCAL GENERAL DYNAMICS REPRESENTATIVE SAYING THAT ALL DATA RELATING TO ELECTRONICS CONTRIBUTION OF BELGIAN INDUSTRY SHOULD BE PROVIDED TO SYBELEC, WHICH WOULD BE RESPONSIBLE FOR DISTRIBUTING THE WORK AMONG BELGIAN FIRMS. VANDEN BOEYNANTS LETTER STATES THAT MINISTRY OF ECONOMIC AFFAIRS IS IN AGREEMENT WITH THIS APPROACH.

3. AFTER PROVIDING COPRODUCTION DATA TO SYBELEC, WESTINGHOUSE REPRESENTATIVES ENCOUNTERED QUESTIONS FROM MEMBER FIRMS ON THE AMOUNT OF COPRODUCTION OFFERED AND THE TECHNOLOGY TRANSFERRED, BOTH OF WHICH WERE MUCH LESS THAN ANTICIPATED. IN PARTICULAR, THERE WAS NO RELEASE OF RECEIVER EXCITER COMPONENTS, AND LOW VOLTAGE GENERATOR HAD BEEN INCORPORATED IN OTHER COMPONENTS SCHEDULED FOR PRODUCTION OUTSIDE OF BELGIUM. SYBELEC, SAID IT INTENDS TO REQUEST BELGIAN GOVERNMENT TO PURSUE THESE MATTERS WITH USG. IN ADDITION, THEY ASKED WESTINGHOUSE TO PROVIDE INFORMATION AS TO EXPECTED TIMING OF TECHNOLOGICAL DATA RELEASE FOR DATA NOT RELEASABLE AT OUTSET.

4. FYI. HUGHES, COMPETING WITH WESTINGHOUSE FOR USAF F-16 RADAR CONTRACT, ALSO MADE PRESENTATION TO SYBELEC IN PAST WEEK. SYBELEC REACTION TO HUGHES WAS NOT NEGATIVE, BUT THIS PROBABLY IS BECAUSE HUGHES MET WITH SYBELEC BEFORE WESTINGHOUSE AND MADE MORE GENERAL PRESENTATION WITHOUT SPECIFYING COMPONENTS BELGIAN FIRMS COULD COPRODUCE. HUGHES ALSO INDICATED THAT FULL TECHNOLOGY WOULD BE MADE AVAILABLE OVER COURSE OF PROGRAM. HUGHES WILL PROBABLY ENCOUNTER PROBLEMS LIKE THOSE OF WESTINGHOUSE WHEN THEY BECOME MORE SPECIFIC WITHIN LIMITATIONS OF DDL. END FYI.

5. THESE EXPERIENCES RAISE TWO GENERAL POLICY ISSUES FOR WHICH GUIDANCE IS NEEDED.

A. FIRST, THE QUESTION OF WHETHER IT IS IN OUR INTEREST FOR THE BELGIAN GOVERNMENT TO DESIGNATE AN INDUSTRY ORGANIZATION AS THE COORDINATOR OF COPRODUCTION FOR THE AVIONICS SECTOR. THIS PROCEDURE WOULD TEND TO REDUCE OR ELIMINATE COMPETITIVE BIDDING AMONG BELGIAN FIRMS FOR SUBCONTRACTS, AND THUS PROBABLY WOULD PLACE UPWARD PRESSURE ON PROGRAM COSTS. NOT ALL BELGIAN

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ELECTRONIC FIRMS ARE SYBELEC MEMBERS. SIEMENS IS IMPORTANT NON-MEMBER; ACCORDING TO BOTH WESTINGHOUSE AND HUGHES, SIEMENS HAS THE CAPABILITY TO PRODUCE COMPONENTS FOR THE RADAR. IN FACT, SIEMENS, IF ALLOWED TO BID, COULD EMERGE AS THE MOST EFFICIENT FIRM. IF VANDEN BOEYNANTS/SYBELEC PLAN STANDS, IT MAY SET PRECEDENT FOR COPRODUCTION ARRANGEMENTS IN OTHER SECTORS OF F-16 PROGRAM AND IN OTHER CONSORTIUM COUNTRIES.

B. SECOND, WE NEED TO KNOW MORE PRECISELY WHAT OUR POSITION IS ON RELEASABILITY OF TECHNOLOGICAL DATA. IN THE PAST WE HAVE BEEN AUTHORIZED TO SAY THAT ALL NEW TECHNOLOGY WOULD BE MADE AVAILABLE TO CONSORTIUM COPRODUCERS DURING THE LIFE OF THE PROGRAM. THIS WAS AN IMPORTANT FACTOR IN BELGIAN CONSIDERATION OF THE F-16 OFFER VERSUS THE MIRAGE F-1E, AND WE DO NOT WANT TO APPEAR TO BE LESS FORTHCOMING NOW THAT THE CONTRACT IS SIGNED. WE RECOMMEND THAT WASHINGTON CONSIDER WHETHER IT IS FEASIBLE TO RELEASE MORE TECHNOLOGICAL DATA AT THE PRESENT TIME. FURTHERMORE, WE NEED GUIDANCE ON WHAT TO SAY AS TO THE FUTURE RELEASABILITY OF TECHNOLOGY DURING THE COURSE OF THE PROGRAM. CAN WE BE ANY MORE SPECIFIC AS TO THE TIMING OF SUCH RELEASE FOR COMPONENTS NOT PRESENT CONSIDERED RELEASABLE?

6. IN ADDITION TO RESPONDING TO QUESTIONS PUT FORWARD IN PARAGRAPH 5 ABOVE, PLEASE PROVIDE TEXTS OF RELEVANT DOCUMENTS INCLUDING DDL, FOR EMBASSY BACKGROUND. FIRESTONE

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